



General Assembly

January Session, 2005

***Raised Bill No. 1147***

LCO No. 3738

\*03738\_\_\_\_\_LAB\*

Referred to Committee on Labor and Public Employees

Introduced by:  
(LAB)

***AN ACT CONCERNING HEALTH CARE COVERAGE.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. (NEW) (*Effective October 1, 2005*) As used in sections 1 to 7,  
2       inclusive, of this act:

3       (1) "Dependent" means the spouse, domestic partner, minor child of  
4       a covered enrollee, or child eighteen years of age or over who is  
5       dependent on the enrollee, as specified by the commissioner, but does  
6       not mean a dependent who is provided coverage by another employer  
7       or who is an eligible enrollee as a consequence of such dependent's  
8       employment status;

9       (2) "Enrollee" means a person who works at least one hundred  
10      hours per month for any individual employer and has worked for that  
11      employer for three months, and includes sole proprietors or partners  
12      of a partnership if they are actively engaged at least one hundred  
13      hours per month in the business of the proprietorship or partnership;

14      (3) "Large employer" means a person, as defined in Section 7701(a)  
15      of the Internal Revenue Code, or public or private entity employing for

16 wages or salary two hundred or more persons to work in this state;

17 (4) "Medium employer" means a person, as defined in Section  
18 7701(a) of the Internal Revenue Code, or public or private entity  
19 employing for wages or salary at least twenty but no more than one  
20 hundred ninety-nine persons to work in this state;

21 (5) "Employer" means an employer subject to chapter 567 of the  
22 general statutes that is either a large employer or medium employer,  
23 and includes all of the members of a controlled group of corporations,  
24 as defined in Section 1563(a) of the Internal Revenue Code, except that  
25 "more than 50 per cent" shall be substituted for "at least 80 per cent"  
26 each place it appears in Section 1563(a)(1) of the Internal Revenue  
27 Code and the determination shall be made without regard to Sections  
28 1563(a)(4) and 1563(e)(3)(C) of the Internal Revenue Code;

29 (6) "Principal employer" means the employer for whom an enrollee  
30 works the greatest number of hours in any month;

31 (7) "Wages" means wages paid directly to an individual by his or  
32 her employer;

33 (8) "Program" means the State Health Insurance Purchasing  
34 Program; and

35 (9) "Fee" means the fee as determined in section 4 of this act.

36 Sec. 2. (NEW) (*Effective October 1, 2005*) (a) On and after January 1,  
37 2007, large employers shall comply with the provisions of sections 1 to  
38 7, inclusive, of this act applicable to large employers.

39 (b) On and after January 1, 2007, medium employers shall comply  
40 with the provisions of sections 1 to 7, inclusive, of this act applicable to  
41 medium employers, except that those employers with at least twenty  
42 employees but no more than forty-nine employees need not comply  
43 with the provisions of sections 1 to 7, inclusive, of this act unless a tax  
44 credit is enacted that is available to those employers with at least

45 twenty employees but no more than forty-nine employees. For  
46 purposes of this subsection (1) "tax credit" means a tax credit that is  
47 equal to twenty per cent of net cost to the employer of the fee owed  
48 under section 4 of this act, and (2) "net cost" means the dollar amount  
49 of the employer fee or the credit consistent with section 6 of this act  
50 reduced by the employee share of that fee or credit and further  
51 reduced by the value of state and federal tax deductions.

52 (c) Sections 1 to 7, inclusive, of this act shall not be construed to  
53 diminish any health care coverage provided pursuant to collective  
54 bargaining agreements or employer-sponsored plans that are more  
55 favorable to the employees than the health care coverage required by  
56 sections 1 to 7, inclusive, of this act.

57 Sec. 3. (NEW) (*Effective October 1, 2005*) (a) There is created a State  
58 Health Insurance Purchasing Program. The program shall be managed  
59 by the Comptroller as part of the program authorized under  
60 subsection (i) of section 5-259 of the general statutes.

61 (b) Notwithstanding any other provisions of the general statutes,  
62 the Comptroller shall (1) administer the program and have exclusive  
63 responsibility for contract, budget and personnel matters, and (2) have  
64 fiduciary responsibility for the program, including exclusive fiduciary  
65 responsibility over the assets of the program. The Comptroller shall  
66 administer the program in a manner that will assure prompt delivery  
67 of benefits and related services to the enrollees and, if applicable,  
68 dependents.

69 (c) The Comptroller shall arrange coverage for enrollees and, if  
70 applicable, dependents eligible under sections 1 to 7, inclusive, of this  
71 act by establishing and maintaining a purchasing pool. The  
72 Comptroller shall negotiate contracts with those health care service  
73 plans and health insurers that choose to participate for the benefit  
74 package described in this section and shall not self-insure or partially  
75 self-insure the health care benefits under this section.

76 (d) The health care benefits coverage provided to enrollees and, if  
77 applicable, dependents shall be equivalent to the coverage required  
78 under subsection (a) or (b) of section 6 of this act.

79 (e) The program shall be funded by employer fees and enrollee  
80 contributions as described in sections 4 and 5 of this act. The  
81 Comptroller shall administer the program in a manner that assures  
82 that such fees and enrollee contributions are sufficient to fund the  
83 program, including administrative costs. The Comptroller shall  
84 develop and utilize appropriate cost containment measures to  
85 maximize the cost-effectiveness of health care coverage offered under  
86 the program.

87 Sec. 4. (NEW) (*Effective October 1, 2005*) (a) Except as otherwise  
88 provided in sections 1 to 7, inclusive, of this act, every large employer  
89 and every medium employer shall pay a fee as specified in this section.

90 (b) The Comptroller shall establish the level of the fee by  
91 determining the total amount necessary to pay for health care for all  
92 enrollees and, if applicable, their dependents eligible for the program  
93 established pursuant to section 3 of this act. In setting the fee, the  
94 Comptroller may include costs associated with the administration of  
95 the program, including those costs associated with collection of the fee  
96 and its enforcement by the Labor Department. The program shall be  
97 fully supported by the fees and enrollee contributions collected  
98 pursuant to this section and section 5 of this act. The fees and enrollee  
99 contributions collected pursuant to this section and section 5 of this act  
100 shall not be used for any purpose other than providing health coverage  
101 for enrollees and, if applicable, their dependents, as well as costs  
102 associated with the administration of the program and with collection  
103 of the fee and its enforcement by the Labor Department.

104 (c) The Comptroller shall provide notice to the Labor Department of  
105 the amount of the fee in a time and manner that permits the Labor  
106 Department to provide notice to all employers of the estimated fee.

107 (d) The Labor Department shall waive the fee of any employer that  
108 is entitled to a credit pursuant to section 6 of this act. Employers may  
109 apply for the credit in the manner prescribed by the department.

110 (e) Medium employers shall pay a fee based on the cost of coverage  
111 for all enrollees and large employers shall pay a fee based on the cost  
112 of coverage for all enrollees and their dependents. The fee to be paid  
113 by each employer shall be based on the number of potential enrollees  
114 and, if applicable, dependents, using the employer's own workforce on  
115 a date specified by the Comptroller as the basis for the allocation, and  
116 on such other factors as the Comptroller may determine in order to  
117 provide coverage that meets the standards of sections 1 to 7, inclusive,  
118 of this act. To assist the Comptroller in determining the fee, each  
119 employer shall provide to the Comptroller information as specified by  
120 the Comptroller regarding potential enrollees and, if applicable,  
121 dependents.

122 (f) Coverage of an enrollee or, if applicable, his or her dependents  
123 shall not be contingent upon payment of the fee required pursuant to  
124 this section by the employer of that enrollee. If an employer fails to pay  
125 the required fee or the total amount of such fee, the employer shall pay  
126 the fund a penalty of two hundred per cent of the amount due and  
127 unpaid.

128 (g) In addition to the penalty pursuant to subsection (f) of this  
129 section, an employer shall pay interest on all amounts due and unpaid  
130 in accordance with the rate provided for unpaid contributions under  
131 chapter 567 of the general statutes.

132 (h) Nothing in this section shall preclude an employer from  
133 purchasing additional benefits or coverage, in addition to paying the  
134 fee.

135 Sec. 5. (NEW) (*Effective October 1, 2005*) (a) The applicable enrollee  
136 contribution, not to exceed twenty per cent of the fee assessed to the  
137 employer, shall be collected by the employer and paid concurrently

138 with the employer fee. The employer may agree to pay more than  
139 eighty per cent of the fee, resulting in an enrollee and, if applicable,  
140 dependent contribution of less than twenty per cent. For enrollees  
141 making a contribution for family coverage and whose wages are less  
142 than two hundred per cent of the federal poverty guidelines for a  
143 family of three, as specified annually by the United States Department  
144 of Health and Human Services, the applicable enrollee contribution  
145 shall not exceed five per cent of wages. For enrollees making a  
146 contribution for individual coverage and whose wages are less than  
147 two hundred per cent of the federal poverty guidelines for an  
148 individual, the applicable enrollee contribution shall not exceed five  
149 per cent of wages.

150 (b) The Comptroller shall establish the required enrollee and  
151 dependent deductibles, coinsurance or copayment levels for specific  
152 benefits, including total annual out-of-pocket costs.

153 (c) No out-of-pocket costs other than copayments, coinsurance and  
154 deductibles in accordance with this section shall be charged to  
155 enrollees and dependents for health benefits.

156 (d) In determining the required enrollee and dependent deductibles,  
157 coinsurance and copayments, the Comptroller shall consider whether  
158 the proposed copayments, coinsurance and deductibles deter enrollees  
159 and dependents from receiving appropriate and timely care, including  
160 those enrollees with low or moderate family incomes. The Comptroller  
161 shall also consider the impact of out-of-pocket costs on the ability of  
162 employers to pay the fee. This section applies to coverage provided  
163 through the program only and is not intended to apply to other  
164 coverage.

165 (e) In the event that the employer fails to collect or transmit the  
166 enrollee contribution in a timely manner, the employer shall become  
167 liable for a penalty of two hundred per cent of the amount that the  
168 employer has failed to collect or transmit, and the employee shall be  
169 relieved of all liability for that failure. The employer's failure to collect

170 or transmit the required enrollee's contribution or to provide  
171 enrollment information about an employee shall not affect the  
172 employee's coverage. An employer shall only withhold and collect an  
173 amount for purposes of the program in accordance with the manner  
174 and at the times specified by the Labor Department pursuant to this  
175 section. An employee for whom enrollment information is not  
176 otherwise received by the Comptroller may demonstrate eligibility for  
177 coverage by demonstrating employment to the satisfaction of the  
178 Comptroller. The Comptroller may adopt regulations, in accordance  
179 with the provisions of chapter 54 of the general statutes, for such  
180 purpose. To the extent feasible, the Comptroller and the Labor  
181 Department shall adopt procedures to facilitate the provision of  
182 information regarding the eligibility of enrollees and information  
183 regarding any failure of an employer to collect or transmit employee  
184 contributions as required by this section.

185       Sec. 6. (NEW) (*Effective October 1, 2005*) (a) An employer required to  
186 pay a fee under section 4 of this act may apply to the Labor  
187 Department for a credit against the fee by providing proof of coverage  
188 for eligible enrollees and, if applicable, their dependents consistent  
189 with sections 1 to 7, inclusive, of this act. Proof of coverage shall be  
190 demonstrated by any health care coverage that meets or exceeds the  
191 benefits of the program authorized for municipal employees under  
192 subsection (i) of section 5-259 of the general statutes.

193       (b) Nothing in this section shall preclude an employer from  
194 providing additional benefits or coverage.

195       (c) It shall be unlawful for an employer to designate an employee as  
196 an independent contractor or temporary employee, reduce an  
197 employee's hours of work, or terminate and rehire an employee to  
198 avoid the employer's obligations under sections 1 to 7, inclusive, of this  
199 act. An employer that violates this subsection shall pay to the fund a  
200 penalty of two hundred per cent of the amount of any fee that would  
201 have otherwise been paid by the employer, including for the period

202 that the enrollee and, if applicable, dependents should have received  
203 coverage but for the employer's conduct in violation of this section.

204 (d) An employer shall not request or otherwise seek to obtain  
205 information concerning income or other eligibility requirements for  
206 public health benefit programs regarding an employee, dependent or  
207 other family member of an employee, other than that information  
208 about the employee's employment status otherwise known to the  
209 employer consistent with existing state and federal law and regulation.

210 (e) The Labor Department shall adopt regulations, in accordance  
211 with the provisions of chapter 54 of the general statutes, to assure  
212 compliance by employers with this section.

213 (f) Any new employer or existing employer that previously was not  
214 subject to this section shall begin complying with all applicable  
215 provisions of this section not later than one month after the date it  
216 becomes subject to sections 1 to 7, inclusive, of this act.

217 (g) Any existing employer previously subject to sections 1 to 7,  
218 inclusive, of this act but no longer subject to said sections shall notify  
219 the Labor Department in a manner prescribed by that department not  
220 later than fifteen days after this change before discontinuing  
221 compliance with the provisions of sections 1 to 7, inclusive, of this act.

222 Sec. 7. (NEW) (*Effective October 1, 2005*) (a) Employers shall provide  
223 information to the Comptroller regarding potential enrollees and, if  
224 applicable, dependents as prescribed by the Comptroller to assist the  
225 Comptroller in obtaining information necessary for enrollment. The  
226 Comptroller shall not require the employer to obtain from the potential  
227 enrollee information about the family income or other eligibility  
228 requirements for public assistance programs or the HUSKY Plan, other  
229 than that information about the enrollee's employment status  
230 otherwise known to the employer consistent with existing state and  
231 federal law and regulation.



232 (b) The Comptroller shall obtain enrollment information from  
233 potential enrollees and, if applicable, dependents to be covered by the  
234 program. The enrollee may voluntarily provide information sufficient  
235 to determine whether the enrollee or dependents may be eligible for  
236 coverage under public assistance programs or the HUSKY Plan if the  
237 enrollee chooses to seek enrollment in those programs. The  
238 Comptroller shall use a uniform enrollment form for obtaining that  
239 information. The Comptroller shall provide information to enrollees  
240 covered by the program regarding the coverage available under the  
241 program and other programs for which enrollees or dependents may  
242 be eligible.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2005</i>	New section
Sec. 2	<i>October 1, 2005</i>	New section
Sec. 3	<i>October 1, 2005</i>	New section
Sec. 4	<i>October 1, 2005</i>	New section
Sec. 5	<i>October 1, 2005</i>	New section
Sec. 6	<i>October 1, 2005</i>	New section
Sec. 7	<i>October 1, 2005</i>	New section

***Statement of Purpose:***

To provide for health care coverage for employees working for large and medium-sized employers.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*